FINANCE

OVERVIEW

MISSION

The mission of the Department of Finance is to foster an environment for stable, effective and efficient government by:

1. Acquiring and managing the necessary financial resources to ensure delivery of programs and services to residents in an affordable, sustainable and accountable manner.
2. Maintaining a fair and stable taxation environment that meets the needs of individuals and businesses and supports a strong economy; and
3. Managing the information resources of the government.

GOALS

1. A strong sustainable financial position for the Government of the Northwest Territories.
2. The fiscal regime of the Northwest Territories supports a stable political environment and a strong economy.
3. The Government has the fiscal and financial information and analysis necessary to support policy development and decision making.
4. The Government's assets and liabilities are managed effectively.
5. Government is organized for maximum efficiency.
6. The Department is responsive to client needs.
7. Public confidence in the prudence and integrity of the Government of the Northwest Territories is maintained through a financially open and accountable government.

BUDGET (2008/09)

Compensation & Benefits	$11,474,000
Grants & Contributions	$62,459,000
Other O&M	$8,974,000
Amortization	$196,000
Total	$83,103,000

STAFFING (2008/09)

Headquarters (HQ)	92 positions
Regional/Other Communities	9 positions

KEY ACTIVITIES

Deputy Minister's Office
Fiscal Policy
Budget, Treasury and Debt Management
Office of the Comptroller General
Office of the Chief Information Officer

STRATEGIC ACTIONS

The Department will take the following actions in support of the government's strategic initiatives:

- *Strengthen Service Delivery (Refocusing Government)*
- *Manage the Cost of Government (Refocusing Government)*

STRATEGIC ISSUES

Economic Conditions

The NWT economy has grown strongly since 1999, powered mostly by diamond mining. The economy has also changed significantly during this period. Mining, oil, and gas extraction rose from about 24 per cent of the economy to 36 per cent of the territory's Gross Domestic Product (GDP) by 2007, while the service sector declined from about 50 per cent to 40 per cent of GDP.

The rapid growth in the size of the economy has positively affected income levels in the NWT. Labour income has increased by about 75 per cent since Division, while the number of residents on income support in smaller communities has declined from almost 15 per cent in 1999 to less than 8 per cent in 2007. The NWT labour market is currently operating at close to full capacity. The employment rate in smaller communities continues to improve, although it is still lower than in Yellowknife or the regional centres.

Although economic conditions are uncertain, continued economic growth will place pressure on a tight labour market and the NWT's industrial and social infrastructure. Should the Mackenzie Valley Pipeline proceed, significant economic benefits would be realized, although pressure on the territorial economy would intensify, possibly leading to wage inflation and crowding out of other opportunities. Other opportunities for the NWT economy include expansion in mining, tourism, forestry, fishing, fur harvesting and hydro-electricity. However, the rapid economic growth experienced in recent years has not been matched by population growth as the NWT population grew by 7 per cent between 1999 and 2007, compared to GDP growth of 83 per cent.

High energy costs, particularly for diesel fuel, will pose challenges for the NWT economy and for the cost of living.

Fiscal Environment

GNWT revenues are expected to grow by about 4.3 per cent per year over the Business Planning period. The GNWT will continue to rely on federal transfers for the bulk of its revenues. However, demand for programs and services continue to place pressure on expenditures.

The Government has adopted a fiscal strategy designed to align spending growth with anticipated revenue growth while allowing for investment in priority areas, including infrastructure. To achieve this, forced growth will be capped at 3 per cent a year, not including compensation and benefits, and government spending programs and policies will be reviewed to find efficiencies. During 2008-09 revenue options will be reviewed. After public consultations, proposals will be identified to raise additional revenues starting in 2009-10.

Again, although it is difficult to forecast how economic conditions will impact revenues, the GNWT is expected to continue to collect most of its tax revenue from resource companies and activities generated by resource development, including the diamond mines and Norman Wells oil field. Activity from new mines, including De Beers' Gahcho Kué diamond mine and from a possible Mackenzie Valley pipeline, may start during the period, but is not likely to generate significant tax revenue over the next four years.

Federal legislation was established in 2007 which describes the formula used to calculate the Territorial Formula Funding (TFF) Grant for the term of this Business Plan. While the level of the Grant will be more certain under the new formula, tax revenues will continue to fluctuate. Although the Grant will change to offset most of any revenue fluctuations, it will no longer do so immediately, as was previously the case. Future fluctuations in tax revenues will affect the Grant two to four years after they are first felt.

Although the GNWT forecasts small operating surpluses over the Business Plan horizon, financing additional infrastructure needs arising from the strong NWT economy and its dependence on fossil fuels may require debt financing. These initiatives will be evaluated in light of the government's overall fiscal capacity and economic objectives. Interest rates are forecast to remain low for the beginning quarters of the planning period, and then increase. The GNWT has not had to incur debt to finance short-term cash shortfalls since 2000-01. However, after 2009 it is expected that the GNWT will revert to historical cash-flow patterns where cash surpluses are observed in the first half of the year and cash deficits in the latter half. This, combined with forecast higher interest rates, indicates that increased interest costs can be expected in the final two years of the Business Plan Period. It is not anticipated that either the GNWT's direct borrowing limit of $175 million or the limit for all GNWT debt, set by federal Order-in-Council at $500 million, will be exceeded.

Emerging Management Practices and Accountability

Governments are facing increasing pressures to adapt their comptrollership and management practices to respond to changing expectations and priorities. In response, public sector organizations are increasingly adopting "Modern Management" or "Modern Comptrollership" practices. The focus of Modern Management goes beyond the financial accountability that was traditionally associated with the comptrollership activity and seeks to ensure:

- A stronger focus on ethical behavior;
- The adoption of formal risk management practices;
- Improved accountability and stewardship of resources; and
- A greater focus on the results being achieved for the dollars spent through integrated performance information, both financial and non-financial.

There is an increasing demand for government to be accountable to the public for results. Public expectations concerning probity and accountability continue to rise with resulting demands for more transparency, disclosure and rules designed to protect the public interest.

Accountability expectations mean more consultation, clearer plans with specific goals and objectives, and public results reporting on accomplishments. Accountability demands also extend to how government does business. People want to know the cost of delivery of government programs and services, and they want assurance of prudence and integrity in the allocation of government resources.

People also want to be assured that the investment of public money has resulted in measurable impacts. The challenge for government is to set clear objectives, to monitor results, and to communicate this information to the public in a way that is understandable and meaningful.

Information Technology

Rapid advances continue to be made in information and communications technology. Although electronic connectivity is improving, residents of the NWT still have limited access to information and communication services. Over time, enhancement of such services will provide mechanisms through which government programs and services delivery can be strengthened and improved.

Information technology is also reshaping the ways in which information is collected, stored and used. For governments, the transition from historical approaches to recording and storing information to new, modern technologies has been challenging. It is requiring a re-examination of interests, legalities and resource allocations. But it is also resulting in more information being immediately available – with improvements in programming and services to people.

It has become critical for governments to develop information management mechanisms in a cohesive and corporate context. Given the rapid changes in technology development, all governments, including the GNWT have been challenged to develop and implement new and appropriate information systems taking full advantage of the technology that is available – and doing so at a reasonable cost.

Change and Uncertainty

The NWT continues to be a dynamic political environment where ongoing land claims and self-government negotiations, and devolution and resource revenue sharing discussions require the development of new and innovative governance models, and management/administrative models. This affects all orders of government at the federal, territorial, aboriginal and community level.

The GNWT continues to discuss devolution of responsibility for lands and resources with Canada and Aboriginal governments. If a devolution agreement is signed, the GNWT and Aboriginal governments will get more revenue, along with increased responsibilities for resource management. While negotiations will likely occur throughout the Business Plan period, the transfer of program authority and revenues is not likely to occur during this period.

The GNWT, Canada, and some Aboriginal groups are currently negotiating self-government agreements. Agreements may include provisions for transferring GNWT expenditures and some tax room to future Aboriginal governments. The Department of Finance provides support at negotiating tables in negotiating agreements, in particular with respect to taxation jurisdiction and financial transfer matters. These negotiations will significantly impact the nature of governance and political development in the future NWT.

DEPUTY MINISTER'S OFFICE

Description

The Deputy Minister's Office includes the Office of the Deputy Minister/Secretary of the Financial Management Board, the Policy and Planning Branch and the Financial Services Branch. The duties and responsibilities of the Deputy Minister of Finance/Secretary of the Financial Management Board are described in the *Financial Administration Act*. In addition, this Branch directs the support of the Financial Management Board and provides financial and administrative leadership for the GNWT.

The Policy and Planning Branch is responsible for developing and maintaining departmental policies, the department's budget management program, and the records management program, the provision of information systems and information management support to the department and the coordinating of the department's involvement in the self-government and devolution processes.

The Financial Services Branch is responsible for providing a full suite of expenditure management services to the Departments of Finance, Executive, Human Resources and Aboriginal Affairs and Intergovernmental Relations.

2008/09 Resources

Budget:

Compensation & Benefits	$3,484,000
Grants & Contributions	$52,512,000
Other O&M	$1,115,000
Amortization	None

Staffing (Positions):

Headquarters (HQ)	16
Regional/Other Communities	9

Major Program and Service Initiatives

Public-Private Partnerships

Public-Private Partnerships are a way for governments to obtain and use infrastructure to meet the demands of their growing populations. The GNWT's Public-Private Partnership Policy and detailed implementation guidelines were developed as part of a Public-Private Partnership pilot initiative undertaken in the late 1990s. A review is being undertaken to update the existing policy and guidelines.

Northern Employee Benefits Services Pension Plan

The Governments of the NWT and Nunavut and Northern Employee Benefits Services (NEBS) have formed a Project Steering Committee and a Joint Working Group for the purpose of conducting research and making recommendations on the regulatory and operational issues affecting the NEBS Pension Plan.

Financial Administration Act Update

The initiative is a multi-phased process that will involve an in-depth analysis of the GNWT's *Financial Administration Act*, a comparison with the best practices of other jurisdictions with similar governance structures, consultations with stakeholders, the development of a Legislative Proposal, the drafting of the legislation and the presentation of the legislation for approval.

Finance/Financial Management Board Secretariat Reorganization

A model for the amalgamation of the two departments has been developed for implementation effective April 1, 2009. Ongoing efforts will be required to ensure that the model is effective, efficient and economical, and that all operational requirements (policies, staff, and office space) are in place. A Strategic Plan will be prepared for the new Department.

KEY ACTIVITY 1: FISCAL POLICY

Description

Fiscal Policy is responsible for providing research, analysis and recommendations on the fiscal policies of the government; monitoring economic conditions as they affect the government's fiscal position; providing macroeconomic research and policy advice; providing analysis and advice on Canadian and NWT tax policies; monitoring and advising on intergovernmental fiscal relations; preparing the annual budget address; providing technical support for the Minister and Deputy Minister of Finance in federal-provincial-territorial discussions; and representing the GNWT on intergovernmental Finance committees.

Major Program and Service Initiatives

New Revenues

In 2008, the Department will consult with the public about options for raising new revenues. Following these consultations, proposals for revenue initiatives will be brought forward for approval. Policy development of any new revenue initiatives will be done using existing resources.

Macroeconomic Policy Framework

The Department is developing an implementation strategy for the Macroeconomic Policy Framework that includes: preparation of the 2008 report of the Indicators of Progress as specified in the Framework; formal inclusion of the Framework's investment criteria in the FMB's submission process; and increased awareness of the Framework within the GNWT. The Department will also monitor the use of the investment criteria with a view to making recommendations for their revision and/or clarification. In addition, the Department will assess the availability of information required for the documentation of the Indicators of Progress and make appropriate recommendations.

Economic Investment Plan

Under the direction of the Maximizing Opportunities Committee, and together with the Department of Executive, the Division will prepare the NWT Economic Investment Framework. An Economic Investment Plan, including an action plan, will be prepared. GNWT programs that support the four strategic priority areas will be identified and be assessed using the investment criteria established under the Macroeconomic Policy Framework. Opportunities for strategic coordination of the programs as well as program gaps will be detailed in the implementation plan.

Devolution and Self-government

The Division will assist in financial negotiations related to the resource revenue sharing and net fiscal benefit. As well, the Division will assist in financial negotiations surrounding tax sharing with and funding of Aboriginal governments.

2008/09 Budget:
Compensation & Benefits
$1,060,000

Grants & Contributions
None

Other O&M
$141,000

Amortization
None

Total
$1,201,000

Staff (Positions):
8 HQ
0 Regional/Other

Measures:

Measure 1
Regular, accurate forecasts of revenues are prepared.

Measure 2
Self government and devolution negotiations progress within constraints of approved financial mandates of the GNWT.

Measure 3
Number of changes to the investment criteria of the Macroeconomic Policy Framework.

KEY ACTIVITY 2: BUDGET, TREASURY AND DEBT MANAGEMENT

Description

The Budget, Treasury and Debt Management Branch is responsible for the management of the government's financial resources to ensure that public funds are properly budgeted and monitored, that the return on investments is maximized, and the government's cash and debt management costs are minimized within required risk parameters. The branch is also responsible for managing the operations of the FMB, licensing and regulating insurance companies, agents, brokers and adjusters operating in the NWT, and administering legislated tax programs.

Major Program and Service Initiatives

Budget Process

The modernization of the *Financial Administration Act* will likely require changes to how the GNWT plans and prepares the Main Estimates and required appropriations, such as establishing multi-year appropriations for capital projects and incorporating annual appropriation authority for estimated borrowings needs.

Borrowing Plan

A Borrowing Plan will be developed, detailing options and preferred choices for funding the short-term and long-term borrowing requirements of the Government at minimum cost.

Risk Management

The Department will continue initiatives in the areas of contract review, risk identification, loss control and claims administration to improve the GNWT's risk profile.

As part of the ongoing effort to reduce the GNWT's total cost of risk, the Division will continue to consider the benefits that could be realized by various alternative risk financing options.

Tax Audits

Compliance with tax statutes will be improved through increased tax audits. Effective monitoring of fuel movements in and out of the NWT will be implemented as part of this initiative to increase compliance with the *Petroleum Products Tax Act*.

2008/09 Budget:
Compensation & Benefits
$2,942,000

Grants & Contributions
$62,000

Other O&M
$6,729,000

Amortization
0

Total
$9,733,000

Staff (Positions):
29 HQ
0 Regional/Other

Measures:

Measure 1
Number of Financial Management Board submissions reviewed per year.

Measure 2
Accurate replacement values for government assets.

Measure 3
Minimized banking, investment and borrowing costs.

Measure 4
Increased tax assessments for non-compliance with tax statutes.

KEY ACTIVITY 3: OFFICE OF THE COMPTROLLER GENERAL

Description

The Office of the Comptroller General is responsible for providing complete control over the administration of the consolidated revenue fund with respect to the receipt and payment of public money, accounting policy, the financial records of the GNWT, reporting responsibilities, financial analysis, advice and interpretation, internal auditing and related matters.

Accounting Services is responsible for the development of corporate accounting procedures and policies, administration and integrity of the government's financial information system, revenue, accounts receivable and accounts payable functions, making territorial power subsidy payments, management of the environmental liabilities fund, external financing reporting, and providing collections and credit granting functions.

Internal Audit provides an independent, objective assurance and consulting service to improve the GNWT's operations by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes.

Major Program and Service Initiatives

Modern Management

There is a need to strengthen the existing capabilities of the GNWT public service so that better decisions are made, better service provided to clients, and effective measures and reports on results are available to the residents of the NWT. Managerial and professional capacity development will be required along with the acceptance of new and changing responsibilities. It will also require the development of systems, policies and controls that support the reporting of integrated performance information, risk-based management practices, appropriate accountabilities and an ethics and values foundation that enables managers and staff to choose the right course of action when faced with ethical dilemmas.

Achieving modern management within the GNWT is resource intensive with benefits to be realized over the longer-term.

Accounting Services

The GNWT has undertaken to replace its current financial system with PeopleSoft Financials. Implementation has begun and is expected to take approximately 24 months to complete.

2008/09 Budget:
Compensation & Benefits
$3,396,000

Grants & Contributions
$9,885,000

Other O&M
$744,000

Amortization
$196,000

Total
$14,221,000

Staff (Positions):
34 HQ
0 Regional/Other

Measures:
Internal Audit
Measure 1
Evidence of a comprehensive and systematic audit program.

Measure 2
Percentage of audit time spent on direct audits, unscheduled audits and professional development.

Measure 3
Number of audit staff with a professional designation or working towards designations.

Measure 4
Number of irregularities reported.

Measure 5
Percentage of audit workplan completed.

KEY ACTIVITY 3: OFFICE OF THE COMPTROLLER GENERAL - CONTINUED

In conjunction with the system replacement project and the *Financial Administration Act* update, there is a need to ensure that the framework of financial policy directives is current to meet changing business practices of the GNWT.

As part of Modern Management and to address an identified gap in capacity and the ability to attract financial staff, a training program is being developed which will be provided to financial staff throughout the GNWT. In addition, there is a need to enhance the management capacity of program managers across the GNWT. A training and development program will be developed aimed at enhancing the skills of this group of employees.

Shared Financial Services will be implemented to provide enhanced support for departments and allow for the implementation of best practices with the support of the new financial system.

Internal Audits

Implement January 2009 Institute of Internal Auditing Standards.

Conduct an Independent External Quality Assessment review before 2011.

Implement Automated Audit Working papers.

Automate continuous auditing along with the implementation of the enterprise system. This will provide management will more current monitoring information to action.

Conduct a risk assessment after the implementation of the GNWT Risk Management Policy. This will also re-align the Audit Risk Assessment factors used to prepare the audit work plan.

Assess the role of internal audit within the GNWT. Also, assess the services that Internal Audit should provide to Departments, Boards, and Agencies.

Develop a strategy on recruitment and development of audit staff.

Measures:

Accounting Services

Measure 1
Financial management system is in place, processes transactions and meets managers' ongoing information needs.

Measure 2
Evidence that financial policies and directives are in place, readily accessible to users and regularly reviewed to keep current

Measure 3
Timeliness of the publication of the Public Accounts

Measure 4
Evidence of adequate training sessions to demonstrate employees are knowledgeable about the financial procedures, policies and directives.

KEY ACTIVITY 4: OFFICE OF THE CHIEF INFORMATION OFFICER

Description

The Office of the Chief Information Officer (OCIO) is the lead for the development of an effective, comprehensive and current strategy for the development, management and use of the government's information resources in a manner that supports the government's strategic business goals and operational needs.

Major Program and Service Initiatives

Knowledge Management Strategy Renewal

This initiative will result in an updated strategic plan for management of the GNWT's Information Management (IM), Information Systems (IS), and Information Technology (IT) functions. The primary objective of this project is the economic, efficient and effective use of information technologies to support the GNWT's business goals. Clear links to the GNWT's business needs are fundamental to the effectiveness, value and validity of the Strategy. The project will follow a process similar to that taken in 2001 during development of the original strategy, consulting government-wide to re-visit the existing Knowledge Management Strategy (KMS) goals and activities and identify critical gaps that must be addressed over the next 3 to 5 years. These inputs will then be considered against the current technology environment to accommodate and use best solutions and industry best practices to serve the GNWT's business needs.

GNWT Security Strategy

The proposed Strategic Security Plan details a series of eleven initiatives, with a 3-5 year implementation schedule, that will improve the security of IM/IS/IT for the GNWT.

2008/09 Budget:
Compensation & Benefits
$592,000

Grants & Contributions
None

Other O&M
$245,000

Amortization
None

Staff (Positions):
5 HQ
0 Regional/Other

Total
$837,000

Measures:
Measure 1
Number of security standards implemented that are ISO compliant.

Measure 2
Number of GNWT submissions to CRTC regulatory hearings.

Measure 3
Reduced number of GNWT Information Systems projects that exceed original budget projections.

STRATEGIC INITIATIVE: REFOCUSING GOVERNMENT
Action: Strengthen Service Delivery

Description

Stabilize GNWT support to Non-Government Organizations (NGOs) through the development of a funding policy.

Strategic Initiative

This action supports initiatives identified by the Refocusing Government Strategic Initiative Committee.

Objectives

The development of a funding policy for NGOs that will support improved and transparent relationships between the GNWT and NGOs. The funding policy will assist program managers to better understand key considerations and factors that are necessary when determining a suitable and stable funding relationship with NGOs.

Action Plan

The development of an NGO funding policy will involve several stages of consultation:

1. Review relevant documentation to date and current GNWT Policies & Guidelines with departments to develop a Program Guide for Managers (2008-09)
2. Seek comments and recommendations from Standing Committee on the proposed Program Guide for Managers prior to undertaking a broader consultation (2008-09)
3. Conduct workshop with key stakeholders to guide the development of a Plain Language summary of the Program Guide for Managers and highlight potential policy changes that need to be considered (2008-09)
4. Develop a Plain Language summary for use by NGOs (2008-09)
5. Update the Third Party Accountability Framework to incorporate recommended changes derived from the NGO funding policy (2009-10)
6. Work with Executive Offices and departments to implement proposed NGO funding policy

STRATEGIC INITIATIVE: REFOCUSING GOVERNMENT
Action: Strengthen Service Delivery

Description

The OCIO has identified the renewal of the KMS as a requirement in order for the GNWT to accomplish its goals for IM/IS/IT, and effectively manage its electronic information resources. The cost for this project in 2009-10 will be $300,000 (primarily for contract services) with future years' costs being determined once the strategy update is complete and specific initiatives identified.

Strategic Initiative

Development of a Project Charter for the KMS initiative for approval by the Informatics Policy Committee.

Objectives

In 2009-10 the OCIO will issue a Request for Proposals for the acquisition of services necessary to develop a renewed strategy, enterprise architecture, and high-level implementation plan that facilitates the management of all information resources of the GNWT – both electronic and physical – and builds on the work achieved in advancing the current KMS. The primary focus of this strategy will be to further develop the GNWT's ability to effectively and efficiently manage its knowledge and information resources in support of its business goals.

This will be achieved through extensive consultation with key stakeholders, a comprehensive environment scan, and a review of the current state of IT and best-practices for its management and operation. After a thorough analysis of the inputs, the renewed Strategy will be reviewed by the Informatics Policy Council and referred to the Financial Management Board for consideration and approval.

Action Plan

The activities planned for 2010-11 and 2011-12 will not be known until the Strategy update is completed in mid 2009-10.

STRATEGIC INITIATIVE: REFOCUSING GOVERNMENT
Action: Managing the Cost of Government

Description

Examine current duty travel directives to ensure they are clear and usable to properly control, monitor and report on GNWT travel.

Strategic Initiative

This action supports initiatives identified by the Refocusing Government Strategic Initiative Committee.

Objectives

To obtain better data on GNWT travel to determine how much the GNWT spends on travel, the number trips taken and where.

To simplify the Financial Administration Manual (FAM) Directive on GNWT Travel to help clarify rules and procedures for employees, and for managers approving and reviewing to determine what costs are eligible.

To develop a proactive Disclosure Policy for GNWT Travel by Ministers, Deputy Ministers and Senior Managers.

Action Plan

1. Analyze travel patterns including expenditures, travel destinations and airline choices (2008-09 and updated periodically)
2. Clarify and simplify the FAM directive for GNWT travel (2008-09)
3. Draft and introduce a Proactive Disclosure Policy for GNWT travel (2008-09)
4. Develop a reporting process to implement the proposed Proactive Disclosure Policy (2009-10)
5. Continue to analyze options that could be considered to reduce travel costs and/or improve travel administration (ongoing)

INFRASTRUCTURE INVESTMENTS

Financial Information System

The current GNWT financial information system (FIS) is over twenty-five years old, and lacks the functionality and management reporting capabilities that are commonly considered necessary for the effective and efficient management of modern organizations. In addition, its ongoing development has not kept pace with changing technology and emerging business practices. The hardware upon which the core application operates will no longer be supported by the manufacturer after 2008 and adapting the existing application to newer technology is not practical. The impending hardware obsolescence and the limited application support alternatives expose the GNWT to significant operational risk.

Formal planning for the replacement of the existing FIS began in 2003 with the establishment of a three-phase project:

- Phase I was completed in December 2003 and undertook a high level assessment of the GNWT's business requirements;
- Phase II was completed in July 2007 and resulted in the identification and selection of a specific system solution to meet the GNWT's business needs; and
- Phase III of the project is the implementation. This phase requires a System Implementer (SI) to assist in the project implementation. The SI Partner will provide implementation assistance and support in a variety of areas ranging from:
    - system design, development and configuration;
    - system specific functional and technical expertise;
    - change management; system testing and quality assurance;
    - user training and knowledge transfer;
    - old system data conversion; and
    - post implementation operational support.

A dedicated FIS implementation project team, comprised of both internal GNWT staff and external-consulting resources has been established. As many as twelve staff members, an equal number of external consulting resources and a network of departmental subject matter experts will be required during various aspects of business processes redesign, system build, system testing and operational implementation of the new Enterprise Resource Planning system.

Plans for the Oracle PeopleSoft Financials system have been developed based on a single phased deployment of system capabilities or functionality. The following functions are included in the implementation plan:

- General Ledger, Accounts Payable, Accounts Receivable, Fixed Assets, Revenue & Billing Management, Purchasing, Cash & Treasury Management, Expense Management and Basic Reporting.
- Project costing is being developed in the planning steps, but a final decision to implement will be based upon project budget.

Other functionality was initially considered but has been excluded from the project due to high costs of implementation, alternative approaches available and the complexity and implementation risk associated with them. These functions include Budget Planning, Activity Based Costing, Business Intelligence, Strategic Sourcing, Project Management, and Grants & Contributions.

Implementation is scheduled for the summer of 2009.

LEGISLATIVE INITIATIVES

The following legislative initiatives are being considered for advancement during the 16th Legislative Assembly:

NWT Income Tax Act and Petroleum Products Tax Act

The Department typically amends legislation in order to implement any tax initiatives in the annual territorial budget. These initiatives generally cannot be known in advance. Amendments to NWT tax legislation may be proposed following the planned consultation on revenues.

Amendments to the NWT *Income Tax Act* were introduced during the May 2008 session of the Legislative Assembly. These amendments address a number of minor issues in the *Act* and to align the NWT *Act* with the federal *Income Tax Act*.

The *Petroleum Products Tax Act* will be updated and rewritten to make it a more effective tax collection and administration tool.

Financial Administration Act

Many changes have occurred in the operating and accounting environment of the GNWT since the *Financial Administration Act* was last reviewed in depth in 1987 that are driving the need for updates:

- Observations from the Office of the Auditor General, legal opinions from the Department of Justice and input from Standing Committees, MLAs and senior bureaucrats.
- New and enhanced recommendations from the Public Sector Accounting Board.
- Changes to government operations driven by new technology and business practices.
- The governance structure to both support and deliver GNWT programs has, and continues to, evolve.
- Increased public expectations for reporting on results achieved.

The initiative is a multi-phased process that will involve an in-depth analysis of the GNWT's *Financial Administration Act*, a comparison to the best practices of other jurisdictions, consultations with stakeholders, and the development of a Legislative Proposal, the drafting of the legislation and the presentation of the legislation for approval.

Northern Employee Benefits Services Pension Plan

Northern Employee Benefits Services (NEBS), incorporated under the *Canada Corporations Act*, was created to administer the pension benefits of approximately 750 municipal and housing association employees residing in the NWT and Nunavut.

The Plan was registered with the federal Office of the Superintendent of Financial Institutions (OSFI), who acted as regulators under the terms of the *Pension Benefits Standards Act* (PBSA). However, in May 2004, OSFI determined that the Plan did not qualify for regulation under the PBSA.

In April 2007, the Governments of the NWT and Nunavut agreed with NEBS to form a Project Steering Committee and a Joint Working Group for the purpose of conducting research into the regulatory and operational issues affecting the NEBS Pension Plan. The more complex legislative option involves one or both territories passing NEBS Pension Plan legislation. If there is a decision to proceed with this option, there will be a requirement for a legislative proposal and drafting.